



1410 Bush Street (Suite A)
Baltimore, MD 21230
Phone: 410-547-1515
Email: info@afscmemd.org

Patrick Moran – President

**HB23: Property Taxes – Authority of Counties to Establish a Subclass and Set a Special Rate for Commercial and Industrial Property
Ways & Means Committee**

January 28, 2025

Favorable

Thank you, Chair Atterberry, Vice-Chair Wilkins, and members of the Ways & Means Committee for the opportunity for AFSCME Council 3 to submit testimony in support of HB23, which grants counties and Baltimore City the authority to establish a subclass of real property consisting of commercial and industrial property, and to set a special property tax rate for these properties. This bill offers significant benefits to local governments, businesses, and communities across the state.

Firstly, HB23 presents an important tool for local governments to generate revenue to fund critical infrastructure improvements, particularly transportation projects, and the needs of local education systems. By allowing the creation of a special property tax rate on commercial and industrial properties, it ensures that these vital sectors contribute to the economic development and overall well-being of the communities they operate in, without placing undue burden on residential property owners.

The bill also recognizes the importance of mixed-use developments, which are becoming increasingly common in our urban centers. The exemption or credit against the special rate for the residential portion of these developments is a crucial feature that ensures that the tax burden is distributed. This not only supports affordable housing efforts but also encourages the development of mixed-use properties, which are key to creating vibrant, walkable communities.

Furthermore, HB23 allows for a property tax credit for small businesses with fewer than a certain number of employees. This is a crucial step in supporting local businesses, especially small and growing enterprises, that are often the backbone of local economies. By providing tax relief to these businesses, the bill fosters an environment where they can thrive and contribute to job creation, innovation, and community development.

Finally, the bill's requirement for counties to provide clear notice of the exemption or credit, and to accept applications efficiently, ensures transparency and fairness in the implementation of this policy. It strikes a balance between supporting businesses and protecting residents from potential tax increases.

In conclusion, HB23 offers a thoughtful and balanced approach to property taxation that encourages economic growth, supports local infrastructure, and protects residents. I strongly urge the committee to support this important legislation, which will benefit both commercial and residential property owners and help build stronger, more sustainable communities.

We ask for a favorable report on HB23.

